

# COVID-19

report 29: OPERATORS DIG IN

7.31.20

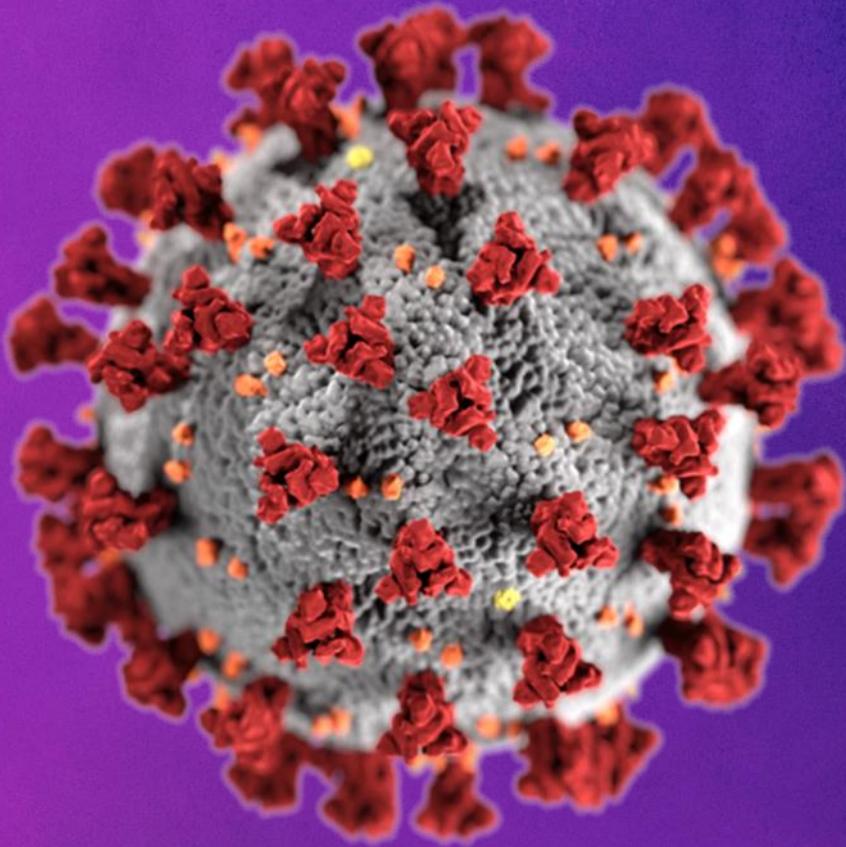


Foodservice operators are getting more familiar with “business as usual” in the era of COVID-19. On one hand, that means more restaurant and on-site leaders have learned which strategies help keep their doors open. But on the other hand, people are not brimming with optimism. Nearly two-thirds of operators think their venues will make it through the crisis, but those people are still worried nonetheless, as the United States appears no closer to containing and controlling the Coronavirus.

Even if true momentum feels elusive for many decision makers, there are signs of progress in the industry. Sales are still down compared to levels just before the pandemic, yet nearly half of the operators surveyed said sales figures have stabilized or grown compared to the prior month.

Many people indicated it will take at least another six months before traffic recovers to pre-pandemic levels, which is probably not what anybody wanted to hear five months into the crisis. With nothing to do but settle in for a long process, what are operators going to do to maintain the business they’ve managed to win back and sustain?

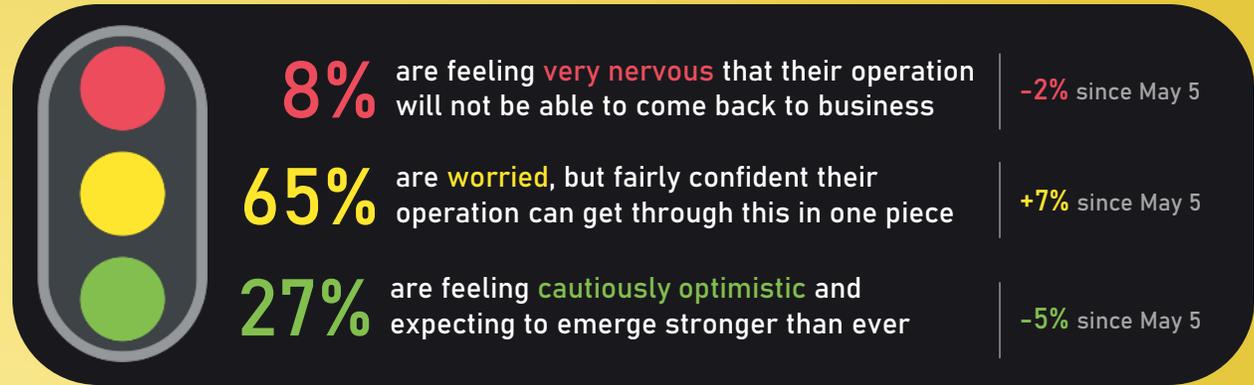
Here are highlights from Datassential’s third wave of operator-focused Coronavirus research, fielded July 23-27 with 413 decision makers.



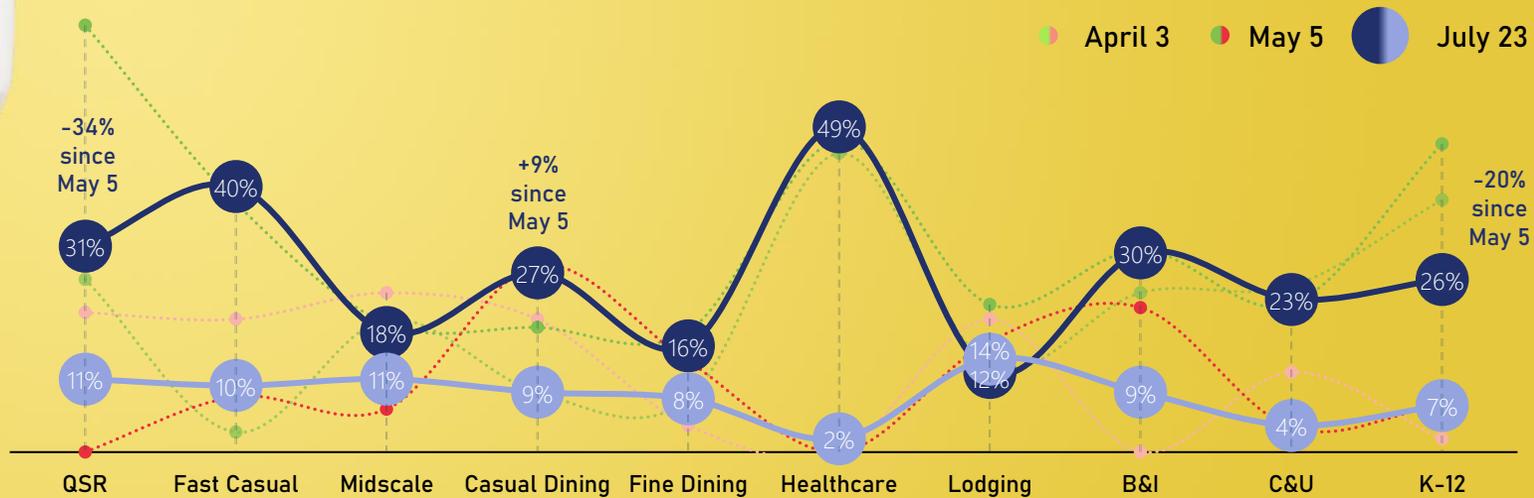


# General nervousness is the prevailing sentiment for operators.

In the nearly three months between surveys, many decision makers have backed away from extreme optimism or pessimism, settling in for prolonged uncertainty. Confidence has fallen sharply in quick service and K-12, segments where traffic had not evaporated before; meanwhile, a few casual-dining operators are more optimistic.



very nervous or cautiously optimistic



## Takeout is carrying the day for outlets trying to remain open during COVID-19.

On-site venues are having some success opening dining rooms and patios for outdoor seating, but for the most part they're having a harder time pivoting to off-premise strategies.

	TOTAL	Restaurants	On-Site
Carryout / takeout	68%	89%	48%
Indoor seating / service (main dining room open)	44%	52%	37%
Curbside pick-up	44%	72%	18%
Outdoor seating / service (patio area open)	39%	56%	24%
Delivery (self-operated or third-party service)	38%	63%	14%
We are closed completely now due to COVID-19	12%	3%	20%
Drive-thru	9%	15%	3%

**in response to COVID-19 / Coronavirus, which services are you currently offering to patrons?**

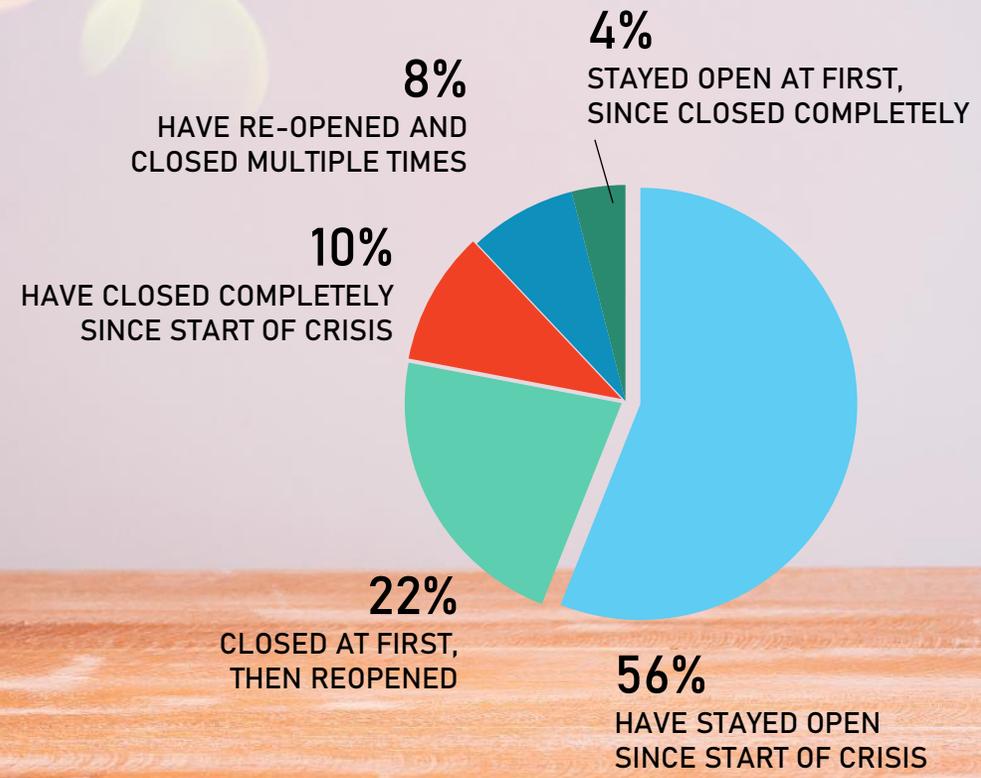


**RESET**  
**RESTART**  
**REOPENING**

Most venues pivoted quickly and have managed to stay open.

Very few operators have had to close or re-open several times in the pandemic, but restaurant segments were more likely than on-site ones to vacillate.

how has your operation's status changed since the start of the pandemic?



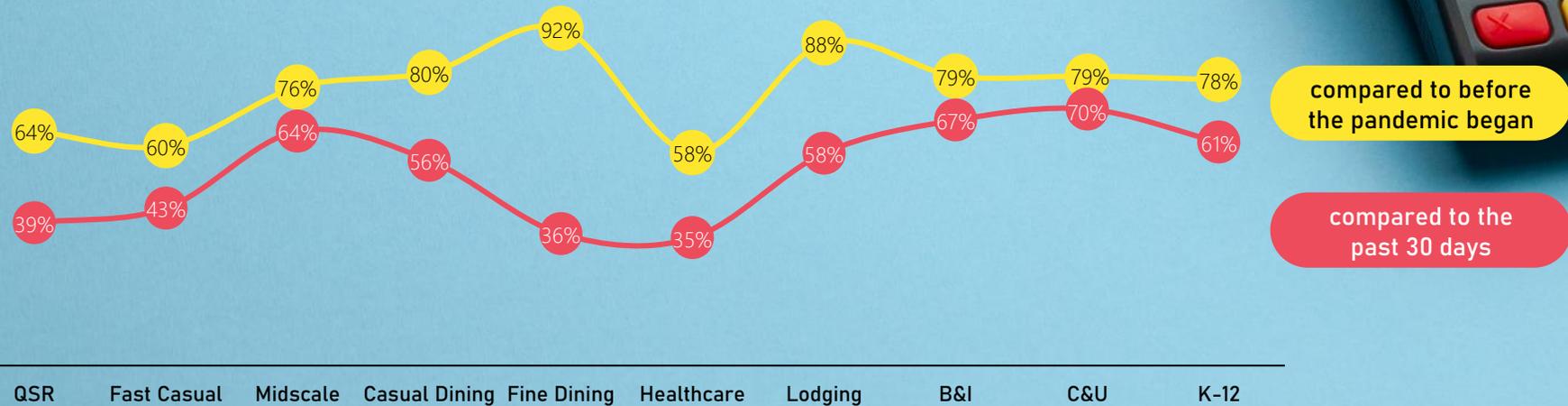
# Nearly half of businesses have slowed their losses.

Outside of healthcare, most on-site operators still haven't turned around falling traffic or sales. Many segments are starting to stabilize, like lodging, casual dining, and fine dining.

operators reporting sales declines	<b>76%</b> compared to BEFORE THE PANDEMIC	<b>54%</b> compared to the PAST 30 DAYS
operators reporting sales haven't changed	<b>10%</b> compared to BEFORE THE PANDEMIC	<b>26%</b> compared to the PAST 30 DAYS
operators reporting sales increases	<b>15%</b> compared to BEFORE THE PANDEMIC	<b>19%</b> compared to the PAST 30 DAYS



how many operators per segment are reporting sales declines...



# For many, a return to normal traffic is at least six months away.

Corporate-dining accounts express the most pessimism about never regaining lost traffic, as quarantine has ushered in a work-from-home movement likely to outlast the pandemic and alter the B&I business model.

**when do you think your traffic will be back to normal levels you had pre-COVID?**

	We already are back to normal	Within 3 months	4 to 6 months	More than 6 months from now	Never
QSR	8%	14%	31%	25%	0%
Fast Casual	7%	27%	10%	33%	3%
Midscale	2%	7%	27%	36%	2%
Casual Dining	4%	13%	20%	44%	7%
Fine Dining	0%	0%	20%	48%	4%
Healthcare	12%	9%	19%	21%	2%
Lodging	2%	9%	7%	42%	9%
B&I	0%	9%	15%	36%	15%
C&U	2%	23%	17%	34%	4%
K-12	2%	22%	22%	22%	0%

Significantly MORE Likely than total  
Significantly LESS Likely than total



# WHAT COULD A SUPPLIER, MANUFACTURER, OR DISTRIBUTOR PARTNER DO TO MAKE THE BIGGEST DIFFERENCE IN YOUR OPERATION RIGHT NOW?

**“We understand supply chains are becoming more strained at the moment, and any advanced notice about affected products would be ideal.”**

- a casual-dining restaurant manager in WA

**“With the uncertainty of what type of service we will be able to do in the fall, individually wrapped items can be used in all scenarios.”**

- a K-12 foodservice director in MA

**“Smaller pack sizes are important because business is slower. Don't upcharge us to break a case. Make combo packs of paper products.”**

- a fast-casual restaurant manager in TX

**“Let us know of items that are more convenient. Try to keep inventory levels as high as they can, so we can get what we need for our customer as best we can. Lists of what may not be selling that we may be able to incorporate and better costs.**

- a system administrator at a hospital in IN

**“Present us with products that are available, in stock, and assist with overall guest satisfaction.”**

- a hotel manager in LA

**“Assure continuity, availability, and timely delivery of foodservice products.”**

- a CEO of a B&I operator in TX

**“To-go items at a discount or as a donation would be very helpful. Our profits are diminished on takeout items because of the high cost of these items.”**

- a fine-dining restaurant manager in LA



## Takeout isn't picking up any more slack.

As was the case back in May, about four in five operators offering delivery said the off-premise service was not making up for the traffic and sales losses occurring in dining rooms due to COVID-19.



81%  
SOME INCREASE IN TAKE-OUT, BUT NOT ENOUGH TO OFFSET DINE-IN LOSSES

19%  
ENOUGH INCREASE IN TAKE-OUT TO MOSTLY OFFSET DINE-IN LOSSES

since the COVID-19 outbreak, which have you experienced?

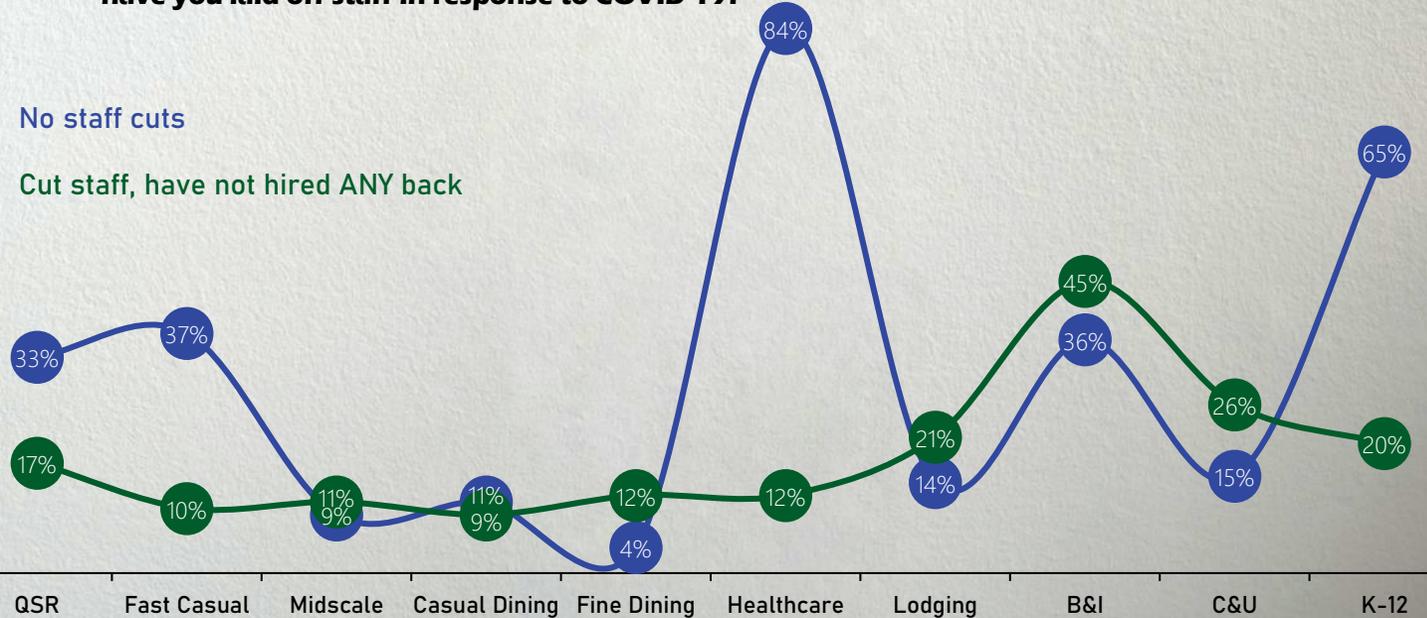
# Healthcare and K-12 have operated with mostly full staffs so far.

About one operator in five has permanently reduced headcount, but nearly half of B&I leaders have made lasting cuts.

	Total	Restaurants	On-site
NO STAFF CUTS due to Coronavirus so far	31%	17%	43%
We cut staff but have since hired ALL OF THEM back	13%	19%	7%
We cut staff but have since hired SOME OF THEM back	39%	52%	26%
We cut staff but HAVE NOT been able to hire ANY back	18%	11%	24%

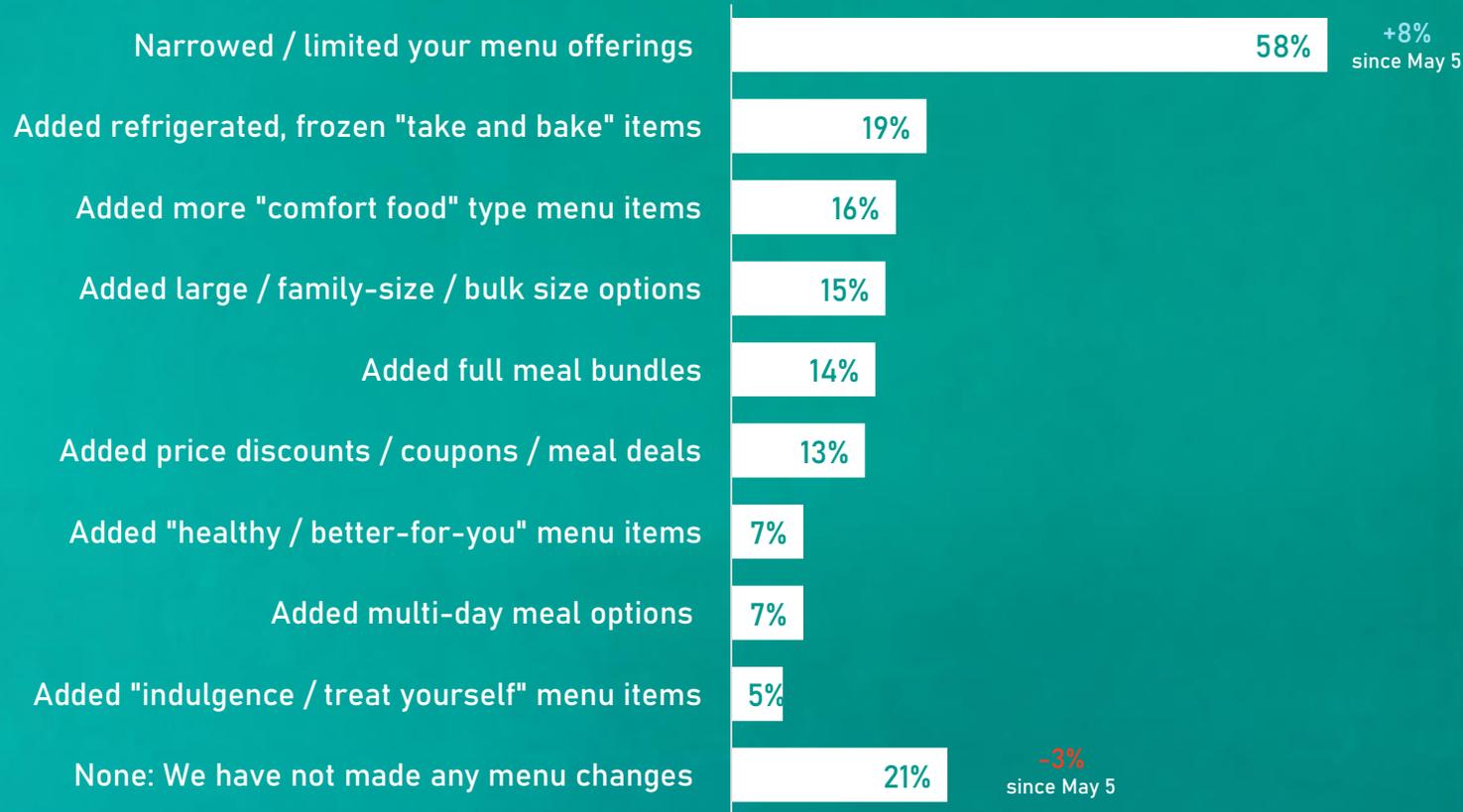
Significantly MORE likely than total    Significantly LESS likely than total

## have you laid off staff in response to COVID-19?



# Menu simplification has accelerated, driven by on-site and non-commercial segments.

About four-fifths of all lodging, B&I, and C&U decision makers have narrowed or limited menu offerings to deal with lost traffic and sales.



have you made any changes to your menu in response to COVID-19?

# Most venues still limiting hours, seating.

Restaurant segments are much more likely to have added curbside pickup, as well as online-ordering and pre-pay capabilities.

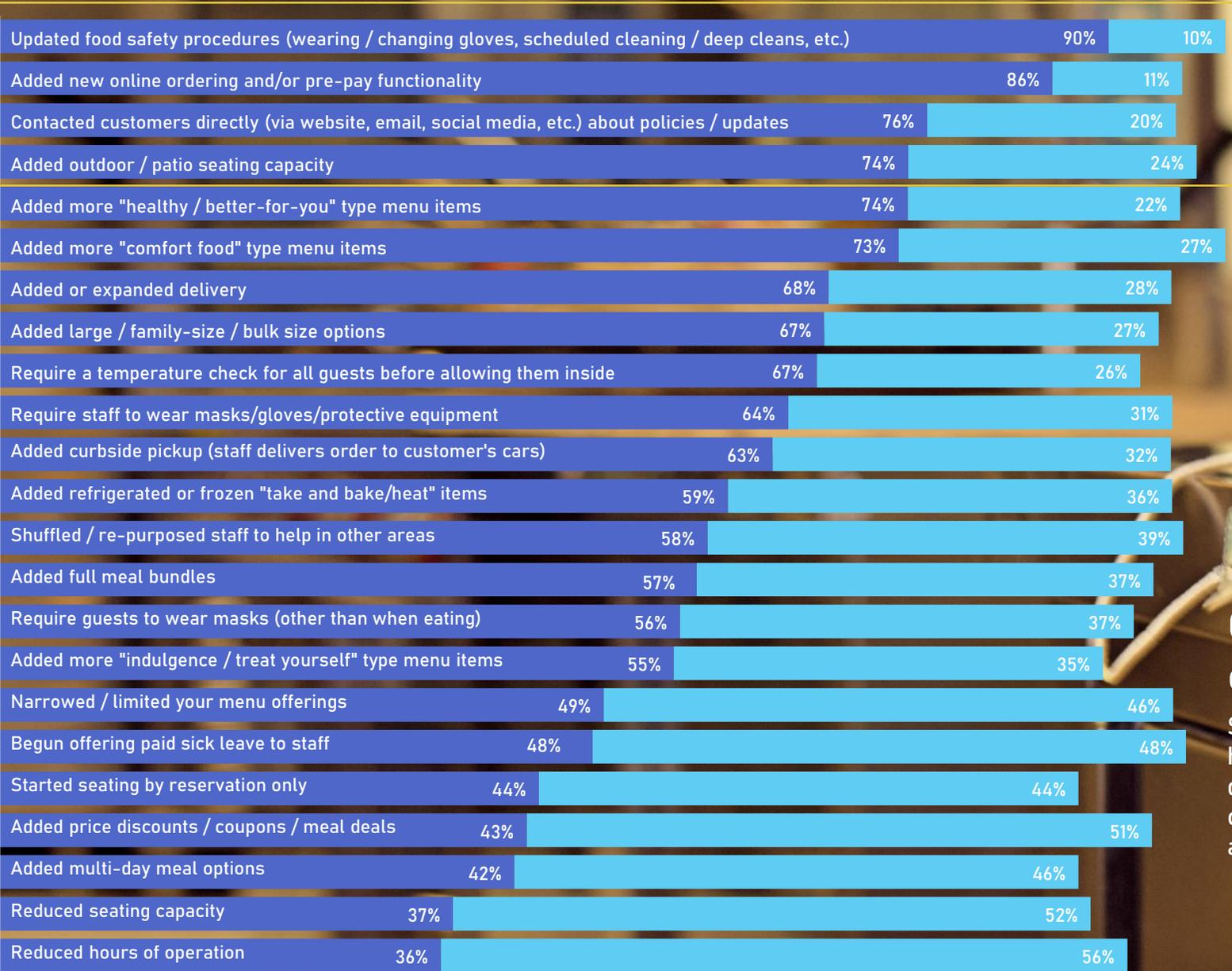
	TOTAL	Restaurants	On-Site
Require staff to wear masks/gloves/PPE	82%	82%	83%
Updated food safety procedures	69%	73%	65%
Require guests to wear masks (other than when eating)	62%	64%	60%
Reduced seating capacity / putting 6 feet between tables	59%	64%	52%
Reduced hours of operation	57%	66%	46%
Added curbside pickup	43%	64%	19%
Shuffled / re-purposed staff to help in other areas	32%	34%	29%
Added outdoor / patio seating capacity	23%	30%	15%
Added new online ordering and/or pre-pay functionality	23%	33%	12%
Contacted customers directly about policies / updates	20%	24%	16%
Require a pre-entry temperature check for all guests	20%	13%	27%
Added or expanded delivery	19%	26%	11%
Started taking reservations	10%	14%	5%
Begun offering paid sick leave to staff	9%	9%	8%

Significantly MORE likely than total    Significantly LESS likely than total

**have you implemented any other operational changes specifically in response to COVID-19?**



how effective have the menu & operational changes you've made been?



effective and WILL continue after COVID

effective for now but WILL NOT continue after COVID

COVID has spurred some into action, with changes expected to remain post-crisis.

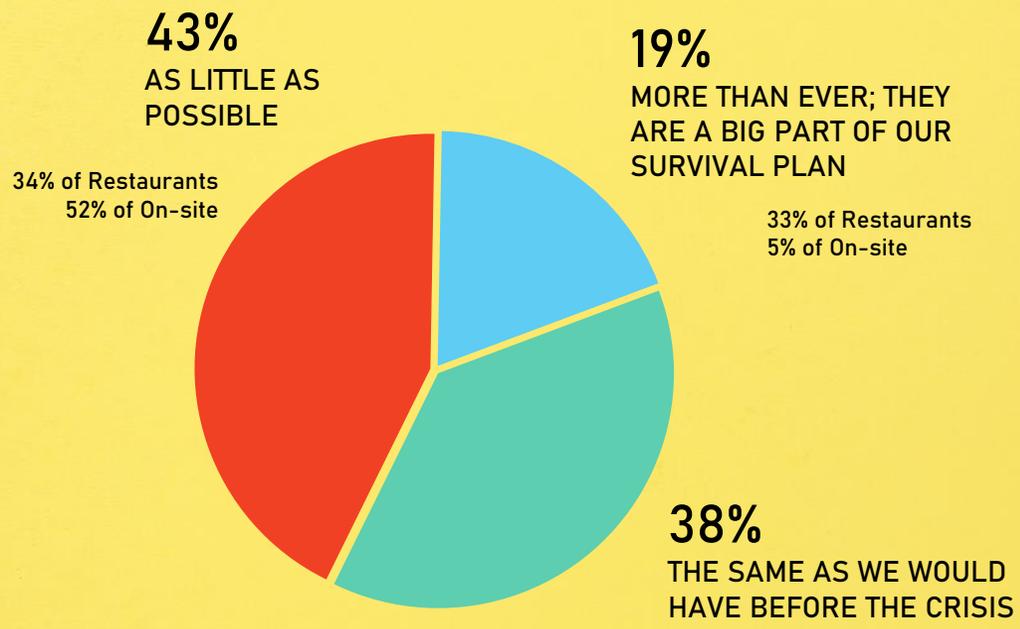
Setting aside food safety precautions, the initiatives most likely to have been effective and likely to stick around after Coronavirus are digital-ordering and digital-marketing platforms, as well as extra outdoor seating. Operators want to get away from reduced capacity and frequent discounting as soon as conditions would allow.



# Restaurant and on-site sectors don't agree about third-party delivery apps.

Traditional restaurants are evenly split on the question of third-party vs. self-operated, but hardly any on-site venues are turning to the massive platforms — and the fees and commissions they charge.

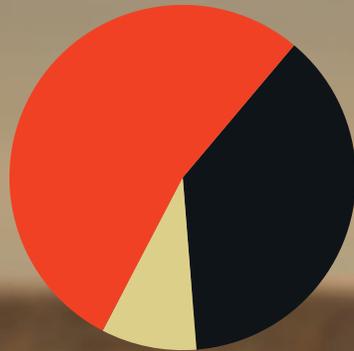
**today, is your operation using third-party delivery services (GrubHub, Uber Eats, etc.)...?**



# Most operators did not seek out a Paycheck Protection Program loan.

Those who did apply were more likely to get approved than not.

**54%**  
NO, WE DID NOT APPLY FOR ANY PPP LOAN  
31% of Restaurants  
75% of On-site



**9%**  
YES, BUT WE WERE NOT APPROVED AND DID NOT RECEIVE A PPP LOAN

**38%**  
YES, AND WE WERE APPROVED AND RECEIVED MONEY

did your operation apply for a Paycheck Protection Program loan?



## HOTSHOT REPORT

Visit Datassential's Coronavirus Resource Library at [datassential.com/Coronavirus](https://datassential.com/Coronavirus), your one-stop shop for all COVID-19 research reports, video interviews, restaurant closure maps, and Traffic Briefings, all updated daily as new data come out of the field.

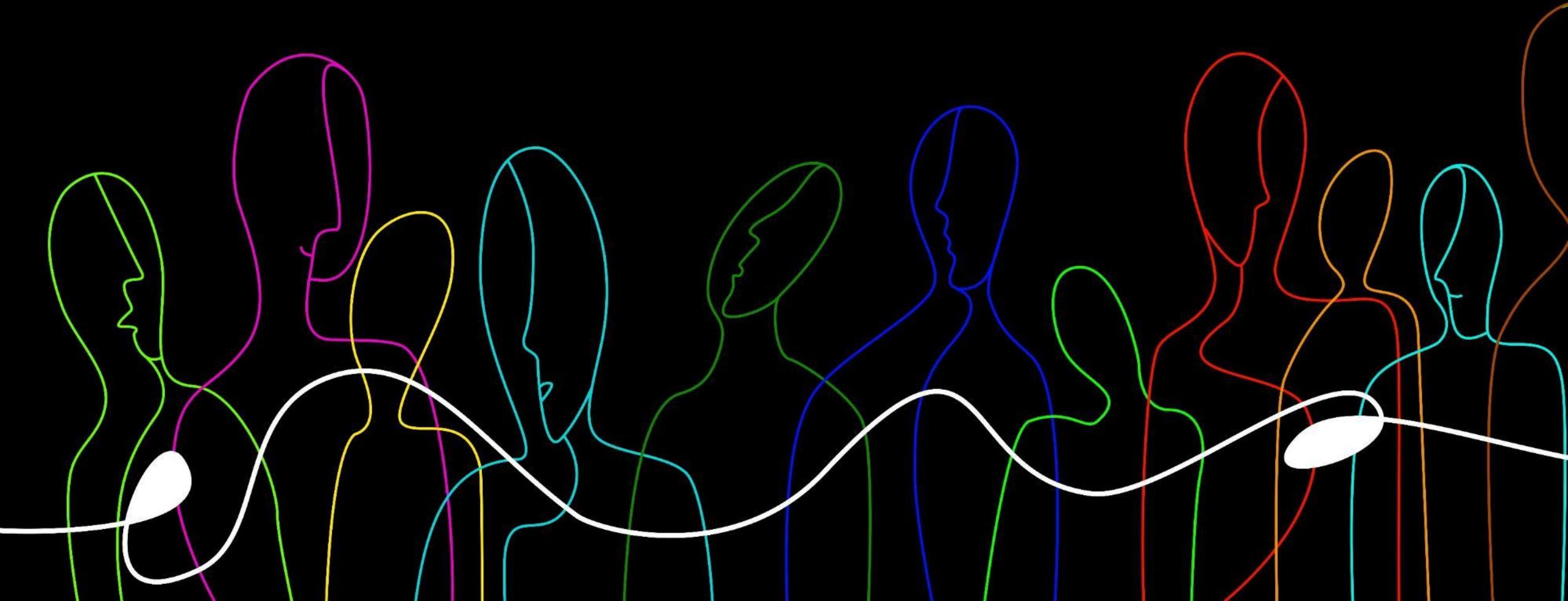


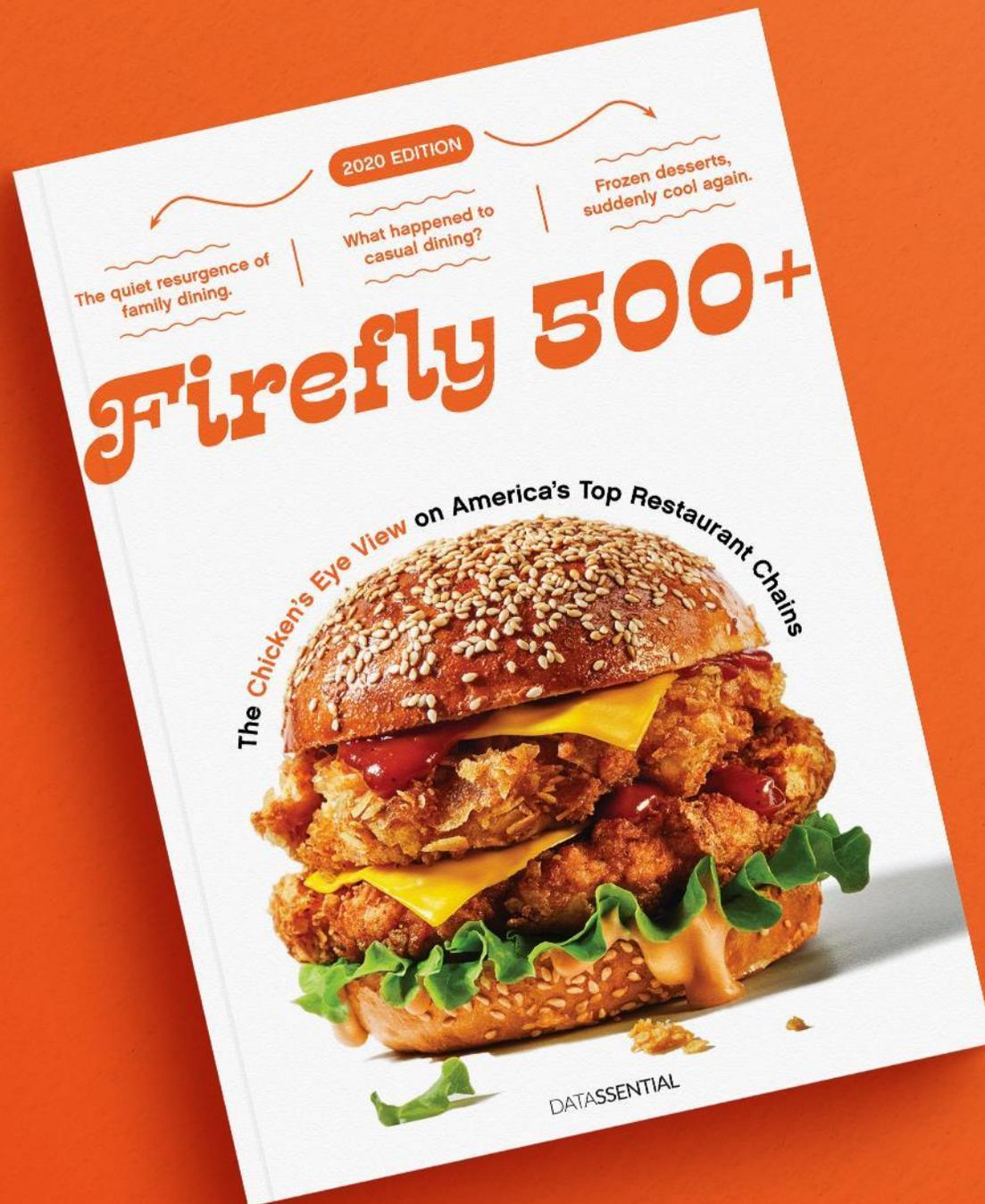
# Help us help you.

As the Coronavirus situation continues to evolve rapidly, just tell us what you want to know. If it's something that benefits the food industry, we'll do our best to incorporate it into an upcoming report and provide the results to everyone for free.

And if you have a need that's specific to your company or brand, we would love to design a custom research solution for you.

[click me](#)





## America's chain restaurant landscape, reframed in the age of COVID-19.

Datassential's recently-released Firefly 500+ Report dives deep into the metrics of chain restaurant success: annual sales, unit counts, and AUVs; year-over-year growth numbers; and consumer insights from SCORES and BrandFingerprints. This year, the report also includes custom research about COVID-19's impact on the chain restaurant landscape, compiled from March to early May.